

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-10 ISO-00 AGRE-00 AID-05 SSO-00 SP-02
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TO AMEMBASSY LAGOS NIACT IMMEDIATE

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E.O. 11652: N/A

TAGS: EAID, EAGR, NI

SUBJECT: NIGERIA'S REQUEST FOR CONCESSIONAL FEEDGRAINS

REF: LAGOS 8069

PLEASE PASS AGRICULTURAL ATTACHE'

1. REFTTEL HAS BEEN CONSIDERED BY INTERESTED AGENCIES HERE
AND WE HAVE CONCLUDED THAT IT WOULD BE MOST DIFFICULT,
GIVEN THE LIMITED COMMODITIES AND FUNDS REMAINING IN THE
BUDGET, TO PROVIDE NIGERIA WITH FEEDGRAINS UNDER THE PL 480
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TITLE I CONCESSIONAL SALES PROGRAM IN FY 1977. THE PL 480
BARTER PROGRAM IS NOT CURRENTLY OPERATIONAL SO IT IS NOT
POSSIBLE TO PROVIDE THE FEEDGRAINS ON THAT BASIS EITHER.
WE NOTE, HOWEVER, THAT THE COMMODITY CREDIT CORPORATION
(CCC) HAS ALREADY ESTABLISHED FOR NIGERIA AN DOLS. 8.0
MILLION LINE OF CREDIT COVERING THE EXPORT FINANCING OF
AMERICAN CORN AND/OR GRAIN SORGHUMS. THE TERMS OF THIS

LINE OF CREDIT (GSM-5), ARE 12 MONTHS FINANCING AT AN INTEREST RATE WHICH IS AT PRESENT 7 PERCENT, WITH A LETTER OF CREDIT FROM AN AMERICAN BANK OR FULL CONFIRMATION BY AN AMERICAN BANK. THE BEST WAY FOR NIGERIA TO PROCEED MIGHT BE TO USE THIS LINE OF CREDIT.

2. IN REGARD TO THE OTHER QUESTIONS RAISED BY THE COMMISSIONER (PARA 3 OF REFTEL): IF IT DECIDES TO USE THE CCC CREDIT, NIGERIA WOULD HAVE TO ARRANGE THE BEST DELIVERY SCHEDULE AND SHIPPING TERMS IT COULD WITH THE SHIPPING COMPANY OF ITS CHOICE. WE NOTE THAT CCC DOES NOT FINANCE OCEAN TRANSPORTATION, BUT ALSO HAS NO REQUIREMENT FOR SHIPPING IN AMERICAN BOTTOMS. THE SALE PRICE IS ARRIVED AT BETWEEN THE FOREIGN IMPORTER AND THE AMERICAN EXPORTER AND IS NORMALLY THE CURRENT WORLD PRICE.

3. WE ALSO SUGGEST THAT SHOULD NIGERIA AT SOME FUTURE TIME WISH TO APPLY FOR TITLE I CONCESSIONAL SALES THAT IT MIGHT WISH TO CONSIDER THE FOLLOWING FACTORS:

A. TITLE I CREDIT TERMS ARE DETERMINED ON A SPECIFIC BASIS UPON EXAMINATION OF A COUNTRY'S OVERALL FINANCIAL AND ECONOMIC SITUATION. REPAYMENT IS IN DOLLARS OR CONVERTIBLE LOCAL CURRENCY.

B. THE RECIPIENT COUNTRY NORMALLY AGREES TO CONTINUE LIMITED OFFICIAL USE

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COMMERCIAL IMPORTS OF THE COMMODITY INVOLVED AT A LEVEL EQUAL TO THE AVERAGE COMMERCIAL IMPORTS DURING THE PREVIOUS FIVE YEARS.

C. THE RECIPIENT COUNTRY, IN A TITLE I AGREEMENT, MUST AGREE TO CARRY OUT A NUMBER OF SPECIFIC SELF-HELP MEASURES WHICH ARE DESIGNED TO INCREASE ITS AGRICULTURAL SELF-SUFFICIENCY.

D. TITLE I SALES ARE MADE AT PREVAILING WORLD MARKET PRICES. TRANSPORTATION COSTS ARE NOT NORMALLY FINANCED. THERE IS A REQUIREMENT, HOWEVER, THAT AT LEAST HALF THE COMMODITIES IN AN AGREEMENT BE SHIPPED IN AMERICAN BOTTOMS AND THE USG PAYS THE DIFFERENTIAL COST.

4. FYI: GIVEN NIGERIA'S OVERALL FINANCIAL SITUATION AND MEMBERSHIP IN OPEC, IT WOULD PROBABLY BE DIFFICULT TO OBTAIN INTERAGENCY AGREEMENT TO EXTENDING TITLE I PL 480 ASSISTANCE TO IT. THIS BEING THE CASE, THE NIGERIAN GOVERNMENT MIGHT BEST BE ADVISED TO LOOK TO CCC CREDITS AS A MEANS OF FINANCING ITS NECESSARY AGRICULTURAL IMPORTS. IT IS POSSIBLE THAT MORE LIBERAL TERMS (UP TO THREE YEAR

FINANCING) COULD BE APPLIED TO FUTURE LINES OF CREDIT. VANCE

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Message Attributes

Automatic Decaptioning: X
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Concepts: PL 480 TITLE 1, COMMODITY ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE170283
Document Source: CORE
Document Unique ID: 00
Drafter: JKEEFER/EB/OFP/FFD-STJOHNSON/LW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770259-1025
Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770732/aaaabbuf.tel
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